

NSC BRIEFING

5 February 1957

BACKGROUND: IRAN

- I. Shah currently concerned with corruption, foreign investment, US aid. Views Eisenhower doctrine as desired guarantee against Sovs.
- II. Government's inability to make economic progress despite \$250 million oil receipts, is source of widespread popular dissatisfaction.
- III. Both Shah's prestige and reputation of US bound to present regime: failure would be threat to monarchy and also considered as failure of US.

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BACKGROUND: IRAN

- I. Conversations between Shah and departing US Ambassador, in last two weeks, and with our chargé on 3 February, reveal Shah's concern with three major problems:
 - A. Elimination of corruption.
 - B. Encouragement of foreign investment.
 - C. An increase in US military and budgetary aid.
 - D. Shah has expressed whole-hearted support for Eisenhower Mid-East doctrine.
 1. He states that it gives Iran the guarantee against Soviet aggression that has long been sought.
- II. Major threat to stability in Iran is government's inability to show grass-roots economic improvement, despite receipt of almost \$250 million from oil revenues in the last 28 months. As result, we have evidence of widespread popular dissatisfaction.
 - A. Inexperience, inefficiency and corruption are major factors in meagerness of "Seven Year Plan Organization" results.
 - B. Plan director Ebteha] is considered able and relatively honest, and is strongly supported by Shah.
- III. Public identification of the Shah with the government's current economic failings poses a long-range threat to the monarchy as a stabilizing element in Iran.

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- A. Iranian public furthermore considers Shah's regime to be US-sponsored.
- B. Discrediting of present regime, therefore, would appear to the Iranians as a failure of US efforts.